

Approved For Release 2001/09/03 : CIA-RDP84-00709R000400070119-1

OGC Has Reviewed

EQUIPMENT

Used - Sale or Exchange of.

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Acting Executive

16 June 1950

Legal Staff

Accounting for Automobile Proceeds.

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1. The requirements of Section 8 of P.L. 600 were the subject of a memorandum from this office to the [REDACTED] dated 22 April 1949. The questions considered in that memorandum are almost identical with those presented by the basic memorandum from the Chief, Audit Branch. We have nothing to add to our analysis of the law, although it may be helpful to restate our conclusion.

2. The trade-in or sale of a nonexpendable unit must be reasonably related to the purchase of a substitute from points of time and identity. The transactions of purchase and sale do not have to be simultaneous, nor is a particular sequence in time required. However, the purchase transaction must take place within the fiscal year of the sale. If the purchase is not a replacement of a similar item (and reference to classes of material is not sufficient to establish the relationship), then the article disposed of must be treated as surplus and the proceeds deposited into the Treasury under Miscellaneous Receipts. Insofar as the establishment of a general fund is concerned, this is permissible only when the proceeds of sale credited to a separate receipt account can be shown on the Schedule of Collections as money covering the sale of equipment for the replacement of which an administrative determination has been made which reflects a dedication of funds to be utilized later in the same fiscal year.

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3. We must therefore concur with the conclusions of the [REDACTED] that the present practice does not comply with the requirements of Section 8 of P.L. 600 and should be revised to conform. However, we also concur in the opinion of the Budget Officer in that the requirements are more or less of a technical accounting nature, and if the net balance of the auto proceeds account at the present time is carried into the Treasury as Miscellaneous Receipts at the end of fiscal 1950, there is no prejudice to the interest of the Government, and we are in a tenable position to answer any subsequent criticism. However, it is recommended that the procedure be modified for future years commencing with the fiscal year 1951.

STATINTL

STATINTL

[REDACTED]
cc: Subject